

CITY OF CLIVE

**INDEPENDENT AUDITOR' S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS**

June 30, 2006

CITY OF CLIVE

Table of Contents

OFFICIALS	2
INDEPENDENT AUDITOR' S REPORT	3-4
MANAGEMENT' S DISCUSSION AND ANALYSIS	5-10
BASIC FINANCIAL STATEMENTS:	
	<u>Exhibit</u>
Government-wide Financial Statements:	
Statement of Activities and Net Assets - Cash Basis	A 11
Governmental Fund Financial Statements:	
Statement of Cash Receipts, Disbursements and	
Changes in Cash Balances	B 12
Reconciliation of the Statement of Cash Receipts,	
Disbursements and Changes in Cash Balances to the	
Statement of Activities and Net Assets	C 13
Proprietary Fund Financial Statements:	
Statement of Cash Receipts, Disbursements and	
Changes in Cash Balances	D 14
Fiduciary Fund Financial Statements:	
Statement of Cash Receipts, Disbursements and	
Changes in Cash Balances	E 15
Notes to Financial Statements	16-29
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule of Receipts, Disbursements	
and Changes in Balances - Budget and Actual (Cash Basis) -	
All Governmental Funds and Proprietary Funds	30
Notes to Required Supplementary Information -	
Budgetary Reporting	31
OTHER SUPPLEMENTARY INFORMATION:	
	<u>Schedule</u>
Schedule of Cash Receipts, Disbursements and Changes in	
Cash Balances - Nonmajor Governmental Funds	1 32
Schedule of Cash Receipts, Disbursements and Changes in	
Cash Balances - Nonmajor Proprietary Funds	2 33
Schedule of Cash Receipts, Disbursements and Changes in	
Cash Balances - Capital Project Funds	3 34-37
Schedule of Indebtedness	4 38
Bond Maturities	5 39-41
Schedule of Receipts by Source and Disbursements by Function -	
All Governmental Fund Types	6 42
INDEPENDENT AUDITOR' S REPORT ON INTERNAL CONTROL	
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND	
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL	
STATEMENTS PERFORMED IN ACCORDANCE WITH	
GOVERNMENT AUDITING STANDARDS	
43-44	
SCHEDULE OF FINDINGS	45-47

CITY OF CLIVE

CITY OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Les Aasheim	Mayor	Dec 2008
John Edwards	Council Member	Dec 2007
Paul Leighton	Council Member	Dec 2008
Dan Clute	Council Member	Dec 2007
Ronni Begleiter	Council Member	Dec 2008
Scott Cirksema	Council Member	Dec 2007
Dennis Henderson	Manager	Indefinite
Pamela Shannon	Clerk/Treasurer	Indefinite
James Wine	Attorney	Indefinite
Frank Harty	Assistant Attorney	Indefinite
Jill Stevenson	Assistant Attorney	Indefinite



MARTENS & COMPANY, CPA, LLP

CERTIFIED PUBLIC ACCOUNTANTS

4949 Pleasant Street, Suite 104

West Des Moines, Iowa 50266

(515)-223-4841

FAX: (515)-223-0851

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Clive, Iowa as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Clive's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the aforementioned financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Clive at June 30, 2006, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2006 on our consideration of the City of Clive's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 5 through 10 and 30 through 31 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the aforementioned financial statements that collectively comprise the City of Clive' s basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2005 (none of which are presented herein) and expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. The supplementary information included in Schedules 1 through 6 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Martens & Company, CPA, LLP

West Des Moines, Iowa
August 31, 2006

MANAGEMENT' S DISCUSSION AND ANALYSIS

The City of Clive provides this Management' s Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2006. We encourage readers to consider this information in conjunction with the City' s financial statements, which follow.

FINANCIAL HIGHLIGHTS

- The City' s governmental funds' receipts increased 37%, or approximately \$8,481,000, from fiscal year 2005 (FY05). Property tax increased approximately \$955,000 due to increased property valuations. Bond proceeds increased \$8,595,000.
- City program disbursements decreased 25%, or approximately \$4,852,000, from FY05. Debt service, public safety, culture and recreation, public works and general government expense increased approximately \$307,000, \$257,000, \$134,000, \$178,000 and \$88,000, respectively. Capital projects decreased \$3,797,000 and community and economic development decreased \$2,012,000.
- The City' s total cash basis net assets at June 30, 2006 increased approximately 108.8%, or approximately \$13,771,000, from June 30, 2005. Of this amount, the assets of the governmental activities increased \$13,527,000 and the assets of the business-type activities increased by approximately \$245,000.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements as well as other requirements as follows:

Management' s Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the government' s financial activities.

The Government-wide Financial Statements consists of a statement of activities and net assets. This statement provides information about the activities of the City as a whole and presents an overall view of the City' s finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City' s operations in more detail than the government-wide statement by providing information about the most significant funds.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Required supplementary information further explains and supports the financial statements with a comparison of the City' s budget for the year.

Other supplementary information provides detail in information about the nonmajor governmental funds, in addition, and the Schedule of Capital Projects provides information about the various projects of the City.

BASIS OF ACCOUNTING

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

REPORTING THE CITY' S FINANCIAL ACTIVITIES

Government-wide Financial Statement

One of the most important questions asked about the City' s finances is, “ Is the City as a whole better off or worse off as a result of the year' s activities?” The Statement of Activities and Net Assets reports information which helps answer this question.

The Statement of Activities and Net Assets presents the City' s net assets. Over time, increases or decreases in the City' s net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities and Net Assets is divided into two kinds of activities:

- Governmental Activities include public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the waterworks and the sanitary sewer system. These activities are financed primarily by user charges.

Fund Financial Statements

The fund financial statements begin on page 12 and provide detailed information about individual, significant funds; not the City as a whole. Some funds are required to be established by State law and by bond covenants. The City can establish other funds to help it control and manage money for particular purposes.

The City has three kinds of funds:

1) Governmental funds account for most of the City' s basic services. They focus on how money flows into and out of the funds and the balances at year-end that are available for spending. Governmental funds include: 1) the General Fund, 2) the Special Revenue Funds such as Road Use Tax and Urban Renewal Tax Increment, 3) the Debt Service Fund and 4) the Capital Projects Fund. The government fund statements provide a detailed short-term view of the City' s general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City' s programs.

The required financial statements for Governmental funds include a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

2) Proprietary funds account for the City' s Enterprise Funds and for the Internal Service Fund. Enterprise Funds are used to report business-type activities. The City maintains three Enterprise Funds to provide separate information for the water, and sewer funds, considered to be major funds of the City. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the City' s various functions.

The required financial statements for proprietary funds include a statement of cash receipts, disbursements and changes in cash balances.

3) Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources are not available to support the City's own programs. The City of Clive has only agency funds to report within the Fiduciary Fund category.

Reconciliations between the government-wide statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Government Activities

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased from a year ago, increasing from \$9.84 million to \$23.37 million. The analysis that follows focuses on the changes in cash balances.

Changes in Cash Basis Net Assets of Governmental Activities (Expressed in Thousands)		
	Year ended June 30,	
	2006	2005
Receipts and transfers:		
Program receipts:		
Charges for service	\$ 2,555	\$ 1,897
Operating grants, contributions and restricted interest	1,257	1,263
Capital grants, contributions and restricted interest	2,289	3,888
General receipts:		
Property tax	11,138	10,183
Other City taxes	855	1,022
Grants and contributions not restricted to specific purposes	-	4
Unrestricted investment earnings	178	180
Bond proceeds	12,895	4,300
Other general receipts	302	251
Transfers, net	1,258	909
Total receipts and transfers	32,727	23,897
Disbursements:		
Public safety	4,502	4,246
Public works	1,886	1,708
Health and social services	18	25
Culture and recreation	2,741	2,607
Community and economic development	3,130	5,142
General government	1,682	1,594
Debt service	2,483	2,175
Capital projects	2,758	6,555
Total disbursements	19,200	24,052
Increase (decrease) in cash basis net assets	13,527	(155)
Cash basis net assets beginning of year	9,839	9,994
Cash basis net assets end of year	\$ 23,366	\$ 9,839

The City's total receipts for governmental activities increased by 37 percent \$8,481,000. The total cost of all programs and services decreased by approximately \$4,852,000 or 20 percent with no new programs added this year. The increase in receipts was due to additional issuance of general obligation bonds (\$8,595,000) and increased property tax revenue (\$955,000).

Based on increases in the total assessed valuation and expanded tax increment finance districts, property tax receipts are budgeted to increase by an additional \$924,767 next year.

The cost of all governmental activities this year was \$19.20 million compared to \$24.05 million last year. However, as shown in the statement of activities and net assets on page 11, the amount that our taxpayers ultimately financed for these activities through City taxes was only \$13.098 million because some of the cost was paid by those directly benefited from the programs (\$2,555,000) or by other governments and organizations that subsidized certain programs with grants and contributions (\$3,546,000). Overall, the City's governmental program receipts, including intergovernmental aid and fees for service, decreased in 2006 from approximately \$7,048,000 to approximately \$6,102,000, principally due to a decrease in capital grants, contributions and restricted interest. The City paid for the remaining public benefit portion of governmental activities with approximately \$11,993,000 in tax (some of which could only be used for certain programs) and with other receipts, such as interest and general entitlements.

Changes in Cash Basis Net Assets of Business-Type Activities
(Expressed in Thousands)

	Year ended June 30,	
	2006	2005
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 2,615	\$ 2,259
Sewer	1,541	1,594
Other	180	-
General receipts:		
Bond proceeds	11,480	-
Other general receipts	373	260
Total receipts	<u>16,189</u>	<u>4,113</u>
Disbursements:		
Water	13,166	1,936
Sewer	1,399	1,272
Other	123	-
Transfers	<u>1,257</u>	<u>909</u>
Total disbursements and transfers	<u>15,945</u>	<u>4,117</u>
Increase (decrease) in cash basis net assets	244	(4)
Cash basis net assets beginning of year	<u>2,823</u>	<u>2,827</u>
Cash basis net assets end of year	<u>\$ 3,067</u>	<u>\$ 2,823</u>

Total business-type activities receipts for the fiscal year were \$16.189 million compared to \$4.113 million last year. This increase was due primarily to the proceeds from a bond issue. The cash balance increased by approximately \$244,000 from the prior year. Total disbursements and transfers for the fiscal year decreased by approximately 287 percent to a total of \$15.945 million because the City purchased water capacity from the Des Moines Water Works (11,400,000).

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Clive completed the year, its governmental funds reported a combined fund balance of \$22,996,638, an increase of more than \$13,332,000 above last year's total of \$9,663,878. The following are the major reasons for the changes in cash balances from the prior year for the City's major funds.

- The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the cash balance of the General Fund was \$2,957,544, a decrease of \$157,311 from the prior year. Most of this decrease was due to increased staffing in several departments.
- The Urban Renewal Tax Increment Fund was established to account for major urban renewal projects within the City's TIF districts. At the end of the fiscal year, the cash balance was \$2,957,846, an increase of \$956,173 from the previous year. The increase was the result of an increase in projected debt both internally and the sale of bonds. These proceeds will be used for various development projects within the TIF district. Any debt will be paid off with incremental property taxes generated from the increased taxable valuation in the district.
- The Debt Service Fund cash balance decreased by \$59,372 to \$57,048. This decrease was due to an increase in debt payments. Bond principal and interest payments increased by \$534,787.
- The Capital Projects Fund was established to account for all resources used in the acquisition and construction of capital facilities with the exception of those that are financed through Enterprise Funds. At the end of the fiscal year, the cash balance was \$16,566,936, an increase of \$12,485,217 from the prior year. Unspent bond proceeds received (10,120,000) in the spring that are to be used on upcoming capital projects including the Northwest 86th Street revitalization and Northwest 128th paving account for most of the increase.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

The cash balance of the Sewer Fund decreased by \$101,330 to \$1,649,548 due primarily to increased operating costs.

The cash balance of the Water Fund increased by \$276,395 to \$1,163,823 due primarily to an increase in the sale of water and sewer services.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the City Council annually adopts a budget following required public notice and hearings for all funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Over the course of the year, the City amended its operating budget once. The amendment was approved on June 15, 2006 to provide for additional expenditures in certain City departments. The City had sufficient cash balances to absorb these additional costs.

DEBT ADMINISTRATION

At year-end, the City had approximately \$43,536,453 in bonds and other long-term debt compared to approximately \$21,576,669 last year as shown below.

Outstanding Debt at Year-End
(Expressed in Thousands)

	June 30,	
	2006	2005
General obligation bonds	\$ 42,650	\$ 20,355
Revenue bonds	557	825
Loans	326	386
Capital leases	3	11
Total	<u>\$ 43,536</u>	<u>\$ 21,577</u>

Debt increased as a result of three new bond issues.

The City's general obligation bond rating continues to carry an Aa2 rating, a rating that has been assigned by national rating agencies to the City's debt. The Constitution of the State of Iowa limits the amount of general obligation debt that cities can issue to 5 percent of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$43.54 million is well below the City's \$73.6 million legal debt limit.

More detailed information about the City's long-term liabilities is presented in Notes 3, 4 and 5 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials and citizens considered many factors when setting the 2007 fiscal year budget, tax rates, and fees that will be charged for various City activities. One of those factors is the economy. The City's population growth since the 2000 census stands at 9.88%. Unemployment in the greater Des Moines area stands at 3.2 percent. This compares with the state unemployment rate of 3.6 percent.

The U.S. Consumer Price Index (CPI) is a measure of the changes in retail prices of a fixed market grouping of consumer goods and services. The CPI-U for July 2006 was 195.4. For the 12 month period that ended in July, the CPI-U increased 4.1 percent.

These indicators were taken into account when adopting the budget for 2007. Amounts available for appropriation in the budget are \$55.2 million, an increase of 2.36 percent over the final 2006 budget. Budgeted disbursements are expected to decrease by approximately \$17.4 million.

If these estimates are realized, the City's budgeted general fund cash balance is expected to increase by approximately \$8,791,000 by the close of fiscal year 2007.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Pamela Shannon, City Clerk, Clive, Iowa 50325.

Basic Financial Statements

CITY OF CLIVE

Statement of Activities and Net Assets - Cash Basis

As of and for the year ended June 30, 2006

	Disbursements	Program Receipts			Net (Disbursements)Receipts and Changes in Cash Basis Net Assets		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business-Type Activities	Total
Functions/Programs:							
Governmental activities:							
Public safety	\$ 4,502,577	\$ 503,453	\$ 448	\$ -	\$ (3,998,676)	\$ -	\$ (3,998,676)
Public works	1,886,408	538,965	1,129,223	-	(218,220)	-	(218,220)
Health and social services	17,584	-	-	-	(17,584)	-	(17,584)
Culture and recreation	2,740,642	745,464	64,040	37,517	(1,893,621)	-	(1,893,621)
Community and economic development	3,130,035	706,012	-	-	(2,424,023)	-	(2,424,023)
General government	1,681,614	61,486	63,646	-	(1,556,482)	-	(1,556,482)
Debt service	2,482,859	-	-	-	(2,482,859)	-	(2,482,859)
Capital projects	2,758,290	-	-	2,251,666	(506,624)	-	(506,624)
Total governmental activities	19,200,009	2,555,380	1,257,357	2,289,183	(13,098,089)	-	(13,098,089)
Business-type activities:							
Water	13,166,187	2,614,703	-	-	-	(10,551,484)	(10,551,484)
Sewer	1,399,126	1,540,736	-	-	-	141,610	141,610
Other	123,290	180,428	-	-	-	57,138	57,138
Total business-type activities	14,688,603	4,335,867	-	-	-	(10,352,736)	(10,352,736)
Total	\$33,888,612	\$6,891,247	\$1,257,357	\$2,289,183	(13,098,089)	(10,352,736)	(23,450,825)
General receipts:							
Property tax levied for:							
General purposes					6,330,863	-	6,330,863
Tax increment financing					3,274,847	-	3,274,847
Debt service					1,532,655	-	1,532,655
Hotel/motel tax					854,927	-	854,927
Unrestricted investment earnings					177,567	-	177,567
Bond proceeds					12,894,929	11,480,071	24,375,000
Miscellaneous					272,247	373,975	646,222
Sale of capital assets					29,966	-	29,966
Transfers					1,256,613	(1,256,613)	-
Total general receipts and transfers					26,624,614	10,597,433	37,222,047
Change in cash basis net assets					13,526,525	244,697	13,771,222
Cash basis net assets beginning of year					9,839,507	2,822,735	12,662,242
Cash basis net assets end of year					\$23,366,032	\$ 3,067,432	\$ 26,433,464
Cash Basis Net Assets							
Restricted:							
Streets					\$ 383,673	\$ -	\$ 383,673
Urban renewal purposes					2,957,846	-	2,957,846
Debt service					57,048	-	57,048
Other purposes					17,009,921	254,061	17,263,982
Unrestricted					2,957,544	2,813,371	5,770,915
Total cash basis net assets					\$23,366,032	\$ 3,067,432	\$ 26,433,464

See notes to financial statements.

CITY OF CLIVE

Statement of Cash Receipts, Disbursements and Changes in Cash Balances
Governmental Funds

As of and for the year ended June 30, 2006

	Special Revenue				Other Nonmajor	
	General	Urban Renewal Tax Increment	Debt Service	Capital Projects	Governmental Funds	Total
Receipts:						
Property tax	\$ 6,330,863	\$ -	\$1,532,655	\$ -	\$ -	\$ 7,863,518
Tax increment financing collections	-	3,274,847	-	-	-	3,274,847
Other City tax	854,927	-	-	-	-	854,927
Licenses and permits	666,935	-	-	-	-	666,935
Uses of money and property	202,425	-	-	641,081	2,992	846,498
Intergovernmental	96,028	-	-	272,313	1,129,223	1,497,564
Charges for service	1,864,912	-	-	-	-	1,864,912
Special assessments	-	-	-	540,605	-	540,605
Miscellaneous	277,777	-	-	797,668	59,776	1,135,221
Total receipts	10,293,867	3,274,847	1,532,655	2,251,667	1,191,991	18,545,027
Disbursements:						
Operating:						
Public safety	4,491,454	-	-	-	11,123	4,502,577
Public works	912,087	-	-	-	974,321	1,886,408
Health and social services	17,584	-	-	-	-	17,584
Culture and recreation	2,730,318	-	-	-	10,324	2,740,642
Community and economic development	986,801	2,143,234	-	-	-	3,130,035
General government	1,681,614	-	-	-	-	1,681,614
Debt service	-	-	2,482,859	-	-	2,482,859
Capital projects	-	-	-	2,758,290	-	2,758,290
Total disbursements	10,819,858	2,143,234	2,482,859	2,758,290	995,768	19,200,009
Excess (deficiency) of receipts over (under) disbursements	(525,991)	1,131,613	(950,204)	(506,623)	196,223	(654,982)
Other financing sources (uses):						
Bond proceeds	125,000	-	21,914	12,748,015	-	12,894,929
Sale of assets	29,965	-	-	-	-	29,965
Operating transfers in	563,715	1,229,523	868,918	505,984	-	3,168,140
Operating transfers (out)	(350,000)	(1,404,963)	-	(262,159)	(88,170)	(2,105,292)
Total other financing sources (uses)	368,680	(175,440)	890,832	12,991,840	(88,170)	13,987,742
Net change in cash balances	(157,311)	956,173	(59,372)	12,485,217	108,053	13,332,760
Cash balances beginning of year	3,114,855	2,001,673	116,420	4,081,719	349,211	9,663,878
Cash balances end of year	\$ 2,957,544	\$ 2,957,846	\$ 57,048	\$16,566,936	\$ 457,264	\$22,996,638
Cash Basis Fund Balances						
Reserved:						
Debt service	\$ -	\$ -	\$ 57,048	\$ -	\$ -	\$ 57,048
Unreserved:						
General fund	2,957,544	-	-	-	-	2,957,544
Special revenue funds	-	2,957,846	-	-	457,264	3,415,110
Capital projects fund	-	-	-	16,566,936	-	16,566,936
Total cash basis fund balances	\$ 2,957,544	\$ 2,957,846	\$ 57,048	\$16,566,936	\$ 457,264	\$22,996,638

See notes to financial statements.

CITY OF CLIVEReconciliation of the Statement of Cash
Receipts, Disbursements and Changes in Cash Balances
to the Statement of Activities and Net Assets -
Governmental Funds

As of and for the year ended June 30, 2006

Total governmental funds cash balances (page 12)	\$22,996,638
---	--------------

*Amounts reported for governmental activities in the Statement of Activities
and Net Assets are different because:*

The Internal Service Fund is used by management to charge the costs of partial self funding of the equipment replacement. The assets of the Internal Service Fund are included in governmental activities in the Statement of Net Assets.

<u>369,394</u>

Cash basis net assets of governmental activities (page 11)	<u><u>\$23,366,032</u></u>
---	----------------------------

Net change in cash balances (page 12)	\$13,332,760
--	--------------

*Amounts reported for governmental activities in the Statement of Activities
and Net Assets are different because:*

The Internal Service Fund is used by management to charge the costs of equipment replacement to individual funds. The change on net assets of the Internal Service Fund is reported with governmental activities.

<u>193,765</u>

Change in cash balance of governmental activities (page 11)	<u><u>\$13,526,525</u></u>
--	----------------------------

See notes to financial statements.

CITY OF CLIVE

Statement of Cash Receipts, Disbursements and Changes in Cash Balances
Proprietary Funds

As of and for the year ended June 30, 2006

	Enterprise Funds				Internal Service Fund
	Water	Sewer	Water Utility Deposits	Total	Equipment Replacement
Operating receipts:					
Charges for service	\$2,614,704	\$1,540,735	\$ 180,428	\$4,335,867	\$ -
Miscellaneous	338,080	231	35,664	373,975	-
Total operating receipts	2,952,784	1,540,966	216,092	4,709,842	-
Operating disbursements:					
Business-type activities	12,880,572	1,399,126	123,290	14,402,988	-
Total operating disbursements	12,880,572	1,399,126	123,290	14,402,988	-
Excess (deficiency) of operating receipts over (under) operating disbursements	(9,927,788)	141,840	92,802	(9,693,146)	-
Non-operating receipts (disbursements):					
Debt service	(285,615)	-	-	(285,615)	-
Total non-operating receipts (disbursements)	(285,615)	-	-	(285,615)	-
Excess (deficiency) of receipts over (under) disbursements	(10,213,403)	141,840	92,802	(9,978,761)	-
Other financing sources (uses)					
Bond proceeds	11,480,071	-	-	11,480,071	
Operating transfers in	-	-	-	-	530,000
Operating transfers out	(990,273)	(243,170)	(23,170)	(1,256,613)	(336,235)
Total other financing sources (uses)	10,489,798	(243,170)	(23,170)	10,223,458	193,765
Net change in cash balances	276,395	(101,330)	69,632	244,697	193,765
Cash balances beginning of year	887,428	1,750,878	184,429	2,822,735	175,629
Cash balances end of year	\$ 1,163,823	\$1,649,548	\$254,061	\$3,067,432	\$ 369,394
Cash Basis Fund Balances					
Unreserved	\$ 1,163,823	\$1,649,548	\$254,061	\$3,067,432	\$ 369,394
Total cash basis fund balances	\$ 1,163,823	\$1,649,548	\$254,061	\$3,067,432	\$ 369,394

See notes to financial statements.

CITY OF CLIVE**Statement of Cash Receipts, Disbursements and Changes in Cash Balances**
Fiduciary Funds

Year ended June 30, 2006

	<u>Cash Bond</u>
Additions:	\$ -
Deductions:	<u>-</u>
Net change in cash balance	-
Cash balance beginning of year	<u>6,100</u>
Cash balance end of year, held for contractor bonds paid	<u><u>\$ 6,100</u></u>

See notes to financial statements.

CITY OF CLIVE

Notes to Financial Statements

June 30, 2006

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Clive is a political subdivision of the State of Iowa located in Polk and Dallas Counties. It was first incorporated in 1956 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, culture, recreation, public improvements and general services. The City also provides water and sewer utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Clive has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City. The City of Clive has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organization

The City also participates in several jointly governed organization that provides goods or services to the citizenry of the City but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the (Note 13) The Des Moines Metro Waste Authority, the Des Moines Metropolitan Transit Authority, the City of West Des Moines and the City of Clive Joint Fire Station and Emergency Medical Services Facility (Note 5), the Metropolitan Planning Organization, the Convention Visitors Bureau, and the Greater Des Moines Sports Authority.

Joint Ventures

The city participates in a joint venture that provide goods or services to the citizenry of the City and meet the criteria of a joint venture because there is an ongoing financial interest or responsibility by the participating governments. The City is a member of the following joint ventures: the Wastewater Reclamation Authority (Note 4).

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the City. For the most part, the effect of the interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

CITY OF CLIVE

Notes to Financial Statements - Continued

June 30, 2006

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. Basis of Presentation - Continued

The Statement of Activities and Net Assets presents the City' s nonfiduciary net assets. Net assets are reported in two categories:

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements - Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Urban Renewal Tax Increment Fund is used to account for urban renewal projects financed by tax increment financing.

The Debt Service Fund is utilized to account for the payment of interest and principal on the City' s general long-term debt.

The Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities with the exception of those that are financed through enterprise funds.

CITY OF CLIVE

Notes to Financial Statements - Continued

June 30, 2006

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. Basis of Presentation - Continued

The City reports the following major proprietary funds:

The Water Fund accounts for the operation and maintenance of the City' s water system.

The Sewer Fund accounts for the operation and maintenance of the City' s waste water treatment and sanitary sewer system.

The City also reports the following additional proprietary fund:

An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the City and provided to other departments or agencies on a cost reimbursement basis. This is composed of the Equipment Replacement Fund. This proprietary fund is reported with governmental activities in the government wide statements.

C. Measurement Focus and Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net assets available to finance the program. It is the City' s policy to first apply cost-reimbursement grant resources to such programs, and then by general receipts.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund' s principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) CASH AND POOLED INVESTMENTS

The City' s deposits in banks at June 30, 2006, were entirely covered by Federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

CITY OF CLIVE

Notes to Financial Statements - Continued

June 30, 2006

(2) CASH AND POOLED INVESTMENTS - CONTINUED

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2006, the City had \$10,126,726 in a public funds money market account.

(3) BONDS PAYABLE AND NOTES PAYABLE

Annual debt service requirements to maturity for general obligation bonds and revenue bonds are as follows:

Year Ending June 30,	General Obligation Bonds		Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 2,445,000	\$ 1,779,313	\$ 290,664	\$ 12,764	\$ 2,735,664	\$ 1,792,077
2008	2,900,000	1,602,015	266,394	4,294	3,166,394	1,606,309
2009	2,905,000	1,504,201	-	-	2,905,000	1,504,201
2010	2,935,000	1,398,769	-	-	2,935,000	1,398,769
2011	3,075,000	1,286,783	-	-	3,075,000	1,286,783
2012	2,990,000	1,169,681	-	-	2,990,000	1,169,681
2013	3,000,000	1,051,234	-	-	3,000,000	1,051,234
2014	3,095,000	931,729	-	-	3,095,000	931,729
2015	2,790,000	806,709	-	-	2,790,000	806,709
2016	2,900,000	694,359	-	-	2,900,000	694,359
2017	2,925,000	576,701	-	-	2,925,000	576,701
2018	2,780,000	456,931	-	-	2,780,000	456,931
2019	2,665,000	342,051	-	-	2,665,000	342,051
2020	2,775,000	229,159	-	-	2,775,000	229,159
2021	1,010,000	109,274	-	-	1,010,000	109,274
2022	625,000	62,715	-	-	625,000	62,715
2023	410,000	35,282	-	-	410,000	35,282
2024	425,000	18,062	-	-	425,000	18,062
Total	<u>\$42,650,000</u>	<u>\$14,054,968</u>	<u>\$ 557,058</u>	<u>\$ 17,058</u>	<u>\$43,207,058</u>	<u>\$14,072,026</u>

CITY OF CLIVE

Notes to Financial Statements - Continued

June 30, 2006

(3) BONDS PAYABLE AND NOTES PAYABLE - CONTINUED

Issue, costs and advances of current year bond issues are as follows:

Gross bond issues	\$ 24,375,000
Less: underwriter' s discount	<u>(157,359)</u>
Net bond proceeds	<u>\$ 24,217,641</u>

The City paid \$1,309,994 in interest on debt obligations for the year ended June 30, 2006.

Des Moines Water Works Revenue Bonds

The City entered into an agreement with the Des Moines Water Works for the construction of the Westside Storage Facility Project. Per the agreement, the City' s proportionate share of the Des Moines Water Works Bonds, Series 1992A issued by the Des Moines Water Works was originally estimated to be \$2,238,000. During 2001, the actual value of the City' s proportionate share was determined to be \$2,470,636. At this time the interest rates on the bond was also adjusted and a new Series 2001 bond issue was used to retire the remaining balance on the 1992 Series, except for \$205,754, which was considered additional amounts due for prior year. This additional amount is to be paid over six years with a final payment on December 1, 2007.

In April, 2005 the debt schedule was revised to reflect the reconfiguration of the 156th Street feeder main. As a result, the City' s debt obligation increased by \$107,453.

When the 2001 Series was issued, the City' s proportionate share of the bond issue was \$1,158,089. This represented a reduction on the 1992 Series and a new obligation on the 2001 Series. The interest rates on the bonds vary from 3.00% to 3.60%.

Iowa Department of Management Loan

The City along with the City of Urbandale and City of West Des Moines entered into a loan agreement with the Iowa Department of Management. The cities received a local government innovation fund loan for the purpose of the development and implementation of a system to conduct emergency services training in one location while having training viewed simultaneously and via video recording. The total loan award was for \$100,000 with the City of Clive' s portion representing one-third (1/3) or \$33,333. The loan carries a 2% interest rate.

CITY OF CLIVE

Notes to Financial Statements - Continued

June 30, 2006

(3) BONDS PAYABLE AND NOTES PAYABLE - CONTINUED

A summary of the City' s share of the loan principal and interest maturities is as follows:

<u>June 1</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 6,664	\$ 408
2008	6,797	275
2009	6,934	139
	<u>\$ 20,395</u>	<u>\$ 822</u>

(4) JOINT VENTURES AND COMMITMENTS

The City is a participating community in the Des Moines Metropolitan Wastewater Reclamation Authority (WRA) joint venture. This joint venture provides primary and secondary treatment of sewer flows for the participating communities. The Amended and Restated Agreement for the Des Moines Metropolitan Wastewater Reclamation Authority (WRA) was effective on July 1, 2004. This agreement amended and restated the previous Integrated Community Area (I.C.A.) Agreement to provide continued operation, improvements and expansion. The WRA Agreement establishes the WRA as a separate legal entity with its own Board, creates an independent governance structure, establishes an independent bonding authority for the WRA and provides a framework for additional communities to participate.

Annually, the WRA establishes an allocation to all participating communities based on operations, maintenance, debt service and reserve requirements. Allocations are based on wastewater reclamation facility flows and are adjusted prospectively for differences in budgeted flows and actual flows.

As part of the Agreement, the WRA issued debt to advance refund the sewer revenue refunding bond Series 1997C and 2002D and the state revolving loans SRF2 and SRF3 of the City of Des Moines. In addition, state revolving loans SRF4, SRF6 and SRF7 were reassigned from the City of Des Moines to the WRA. The City of Clive had previously entered into various financing agreements with the City of Des Moines to provide for the City of Clive' s share of capital contributions for the construction and ongoing expansion of the WRA. The issuance of the debt by the WRA to advance refund and reassign previously issued City of Des Moines debt removes the City of Clive' s previous liability to the City of Des Moines.

The City of Clive retains an ongoing financial responsibility to the WRA since it is obligated in some manner for the debts of the joint venture through the annual allocation. Although the debt of the WRA is to be paid solely and only from WRA revenues, the participating communities in the joint venture cannot withdraw from the joint venture while any of the bonds issued during the time the communities were a participating community are still outstanding. The WRA Sewer Revenue Bonds Series 2004A and 2004B include provisions that place the WRA debt service requirements on the same parity and rank as other debts of the participating communities.

CITY OF CLIVE

Notes to Financial Statements - Continued

June 30, 2006

(4) JOINT VENTURE AND COMMITMENTS

The WRA Agreement requires the debt service on the Series 2004A bonds to be allocated using the annual flow allocation to the participating communities based on the existing allocations of debt service under the prior I.C.A. agreement. The Series 2004A bonds had a balance of \$20,030,000 as of June 30, 2006. The City of Clive has a commitment for approximately \$101,066, or 0.5%, for future principal payment requirements on that debt. The WRA Sewer Revenue Bonds Series 2004B bonds were issued for capital expansion. The WRA Agreement requires the debt service on these bonds to be allocated to the participating communities based on the WRA flows of the core communities and expansion communities of each calendar year. As of June 30, 2006, the Series 2004B bonds had a balance of \$66,830,000 and the City of Clive's estimated future allocated based on the WRA flows is currently \$3,447,630, or 5.16%. The State Revolving Loans are to be paid by the participating communities based on the existing allocations under the prior I.C.A. agreement. As of June 30, 2006, the WRA had \$12,824,000 in outstanding State Revolving Loans, of which \$429,201 of future principal debt service is a commitment of the City of Clive.

The WRA Agreement does not provide for the determination of an equity interest for the participating communities. Withdrawing from the joint venture is a forfeit of all reversionary interest and no compensation will be paid. Pursuant to the new agreement, the City's investment in the joint venture under the I.C.A. Agreement has been contributed to the new WRA organization. The City retains a reversionary interest percentage in the net assets of the WRA redeemable only in the event the WRA is dissolved. During the year ended June 30, 2006 the City paid the WRA \$758,244 for operations, maintenance, equipment replacement and debt service payments.

The WRA issues separate financial statements that may be obtained at 3000 Vandalia Road, Des Moines, Iowa 50317-1346.

WRA Facility Cost Reimbursement Agreement

The Cities of Clive and West Des Moines are parties to the WRA Agreement dated February 19, 1979, which imposes costs on both entities as users of the Des Moines WRA Region Wastewater Treatment Plan and the sewer lines and facilities comprising the WRA system. The City of Clive has made certain portions of its sanitary sewer facilities connected to the WRA system available to the City of West Des Moines.

The City of West Des Moines is obligated to reimburse the City of Clive based upon their sewer usage. During the fiscal year ended June 30, 2006, the City of Clive received reimbursement of \$20,598 for that period.

(5) JOINT FIRE STATION AND EMERGENCY MEDICAL SERVICES FACILITY

The joint facility with the City of West Des Moines was established for the purpose of constructing, operating and managing a fire station and emergency medical services facility. The joint facility was developed as the result of a 28E agreement between the City of Clive and the City of West Des Moines. The City of West Des Moines was designated the "Lead Agency" and, as such, is responsible for accounting for all disbursements relating to the project.

CITY OF CLIVE

Notes to Financial Statements - Continued

June 30, 2006

(5) JOINT FIRE STATION AND EMERGENCY MEDICAL SERVICES FACILITY - CONTINUED

To date, \$2,000,000 worth of bonds have been issued by the City of West Des Moines. The City of Clive will annually pay forty-seven percent of the bonds and interest due.

The future maturities of the bonds are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 47,000	\$ 11,508	\$ 58,508
2008	47,000	9,666	56,666
2009	47,000	7,825	54,825
2010	47,000	5,984	52,984
2011	47,000	4,143	51,143
2012	47,000	2,302	49,302
2013	23,500	460	23,960
Total	<u>\$ 305,500</u>	<u>\$ 41,888</u>	<u>\$ 347,388</u>

During the year ended June 30, 2006, the City paid \$47,000 and \$13,349 in principal and interest, respectively. The City is also obligated to remit a share of operating and administration costs. During the year ended June 30, 2006, these costs totaled \$535,813.

In accordance with the Joint Facility Agreement, legal title to the joint facility is held by the City of West Des Moines for the benefit and use of the communities.

Complete financial statements for the City of West Des Moines can be obtained from the City Clerk's office at the City of West Des Moines.

(6) PENSION AND RETIREMENT SYSTEMS

Municipal Fire and Police Retirement System of Iowa

The City contributes to the Municipal Fire and Police Retirement System of Iowa (the Plan), which is a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees. The Plan provides retirement, disability and death benefits which are established by state statute to plan members and beneficiaries. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Municipal Fire and Police Retirement System of Iowa, 2836 104th St., Urbandale, Iowa 50322.

CITY OF CLIVE

Notes to Financial Statements - Continued

June 30, 2006

(6) PENSION AND RETIREMENT SYSTEMS - CONTINUED

Plan members are required to contribute 9.35% of earnable compensation and the City's contribution rate may not be less than 17% of earnable compensation. Contribution requirements are established by state statute. The City's contributions to the Plan for the years ended June 30, 2006, 2005 and 2004 were \$312,005, \$265,092, and \$202,699, respectively, which met the required minimum contribution for each year.

IPERS

The City contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 3.70% of their annual covered salary and the City is required to contribute 5.75% of annual covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by State statute. The City's contribution to IPERS for the years ended June 30, 2006, 2005 and 2004 were \$245,834, \$225,223, and \$199,909, respectively, equal to the required contributions for each year.

(7) COMPENSATED ABSENCES

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination or retirement. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation, comp time and fluctuating holiday termination payments payable to employees at June 30, 2006, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	\$147,610
Other	56,873

Sick leave is payable when used or upon retirement if the employee is over fifty-five years of age. If paid upon retirement, payment is made for up to 50 percent of accrued sick leave, not to exceed 45 days. Compensated absences are not paid at death. This liability has been computed based on rates of pay in effect at June 30, 2006.

(8) INDUSTRIAL DEVELOPMENT REVENUE BONDS

The City has issued a total of \$7,500,000 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa, of which \$7,500,000 is outstanding at June 30, 2006. The bonds and related interest are payable solely from the rents payable by tenants of the properties constructed, and the bond principal and interest do not constitute liabilities of the City.

CITY OF CLIVE

Notes to Financial Statements - Continued

June 30, 2006

(9) ECONOMIC DEVELOPMENT

The City has entered into various development agreements. These agreements call for the City to make economic development tax rebate payments each year out of incremental taxes received by the City. These arrangements run for 5 to 10 years. Payments totaling \$1,263,940 were made during the year ended June 30, 2006 under these agreements.

(10) CONSTRUCTION CONTRACTS

The City has entered into various construction contracts totaling approximately \$5,894,634. The unpaid contract balances as of June 30, 2006 totaled approximately \$2,645,195 which will be paid as work on the projects progresses.

(11) RISK MANAGEMENT

The City is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 384.12 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 509 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The City's annual contributions to the Pool for the year ended June 30, 2006 were \$164,460.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$2,000,000 to \$10,000,000, such

CITY OF CLIVE

Notes to Financial Statements - Continued

June 30, 2006

(11) RISK MANAGEMENT - CONTINUED

excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2006, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions, however, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The City also carries commercial insurance purchased from other insurers for coverage associated with workmen's compensation. The City assumes liability for any deductibles, and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(12) COMMUNITY ECONOMIC BETTERMENT ACCOUNT (CEBA) LOAN

During the year ended June 30, 2001, the City received \$375,000 from the Iowa Department of Economic Development under a CEBA forgivable loan agreement and advanced the proceeds to Quality Consulting, Inc. A forgivable loan agreement has been executed between the Department of Economic Development, the City of Clive and Quality Consulting, Inc. The City's liability for repayment of this note to the State of Iowa, Department of Economic Development, is limited to those amounts the City collects through its good faith enforcement of the security interest which secures its loan to Quality Consulting, Inc.

(13) JOINTLY GOVERNED ORGANIZATIONS AND COMMITMENTS

(a) DES MOINES METROPOLITAN TRANSIT AUTHORITY

The City, in conjunction with other local cities, has created the Des Moines Metropolitan Transit Authority. The Des Moines Metropolitan Transit Authority board consists of an elected representative of the governing body of each participating governmental jurisdiction. The City paid the Des Moines Metropolitan Transit Authority \$21,771 during the year ended June 30, 2006 for its portion of services.

CITY OF CLIVE

Notes to Financial Statements - Continued

June 30, 2006

(13) JOINTLY GOVERNED ORGANIZATIONS AND COMMITMENTS - CONTINUED

(b) METRO WASTE AUTHORITY

The City, in conjunction with various other municipalities, has created the Des Moines Metropolitan Area Solid Waste Agency. The Agency was established for the primary purpose of providing for the economic disposal, or collection and disposal, of solid waste produced or generated by each participant. In the event of withdrawal or dissolution, the net assets of the Agency will be prorated among the municipalities. The Agency is governed by a board composed of an elected representative of the governing body of each participating governmental jurisdiction. During the year ended June 30, 2006, the City paid \$0 to the Metro Waste Authority.

(c) STADIUM AGREEMENT

A 28E agreement was signed between the Cities of Urbandale, Des Moines, West Des Moines, Windsor Heights, Clive, Johnston, Ankeny, and Altoona, and the County of Polk to assist the City of Des Moines in financing the reconstruction and renovation of the formerly named Sec Taylor Stadium. The City of Des Moines issued \$8,710,000 of bonds to finance this project. The City of Des Moines pays the principal and interest on \$7,960,000 of the bonds and the principal and interest on the remaining \$750,000 of bonds is paid by the participating entities. The share paid by these other participating entities is based upon their proportion of hotel/motel tax revenues to the total of all hotel/motel tax revenues of the participating entities. The City of Clive's share of the principal and interest on the bonds was \$21,476 for the fiscal year ended June 30, 2006.

(d) CONVENTION VISITORS BUREAU (CVB)

An agreement was entered into by the Cities of Clive, various other metro area cities, and the County of Polk to establish an area-wide effort for the promotion of tourism and convention activities in the Greater Des Moines metropolitan area. Each government agrees to remit two-sevenths of their hotel/motel tax revenues for use by the CVB. During the fiscal year ended June 30, 2006, the City of Clive remitted \$244,265 to the CVB.

(e) DES MOINES METROPOLITAN PLANNING ORGANIZATION (MPO)

The City, in conjunction with three counties and various other metro cities has created the Des Moines Metropolitan Planning Organization (MPO). The MPO is organized as a separate legal entity pursuant to the provisions of Chapter 28E of the Code of Iowa, with the powers and purposes to carry out transportation planning activities for the metropolitan area. The City of Clive paid the MPO \$7,713 for its portion of the services during the year ended June 30, 2006.

(f) WEST HELP

An agreement was entered into by the cities of Clive, Johnston, Urbandale, West Des Moines and Windsor Heights to share certain costs for the operation of a West Homeowner Emergency Loan

CITY OF CLIVE

Notes to Financial Statements - Continued

June 30, 2006

(13) JOINTLY GOVERNED ORGANIZATIONS AND COMMITMENTS - CONTINUED

Program for housing rehabilitation within their respective communities. The City of West Des Moines is the coordinating agency for the program. During the fiscal year ended June 30, 2006, the City paid \$23,354 for its share of costs.

(14) LEASES

The City has entered into three cancelable lease agreements to lease water tower space to communication companies. The lease with US Cellular Operating Company commenced on August 31, 1987 for a term of twenty years. The lease was amended on April 1, 2000 and calls for payment of \$400 per month. Under the terms of the lease, the lessee has the option to renew for two additional five year terms at the current monthly rate as adjusted by the Consumer Price Index.

On March 18, 1996, the City executed a five year lease, with three additional five year renewal options, with MajorCo, L.P. Annual rent under the term of the lease is \$5,808.

The City has also executed a lease with Voicestream PCS I LLC. The initial lease term is for a period of five years, terminating on October 28, 2001 and renewed for five years. Under the terms of the lease agreement the lease will automatically be renewed for five additional five year terms unless the tenant notifies the City in writing. Annual rent is \$10,350 upon the first automatic renewal occurring in October, 2001.

Future minimum lease collections are as follows:

2007	\$ 12,563
2008	4,800

(15) IOWA EVENTS CENTER

An agreement was entered into by the City and Polk County, Iowa to commit City funding for the financing of the construction of the Iowa Events Center Project in Des Moines. The City is to provide a grant of \$625,000 to be used by the County for the project. The funds were originally to be advanced over 10 years with payments beginning the fiscal year ending June 30, 2004. On September 22, 2005, this agreement was amended to decrease the annual payments and extend the period of payment through 2019. Payments totaling \$31,250 were paid during the year ended June 30, 2006.

(16) INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2006 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue: Road Use Tax	\$ 23,170

CITY OF CLIVE

Notes to Financial Statements - Continued

June 30, 2006

(16) INTERFUND TRANSFERS - CONTINUED

Transfer to	Transfer from	Amount
	Internal Service	\$ 336,235
	Capital Projects	134,800
	Enterprise:	
	Water	23,170
	Sewer	23,170
	Storm Sewer	<u>23,170</u>
		<u>563,715</u>
Special Revenue:	Special Revenue:	
Urban Renewal Tax Increment	TIF Debt Service	1,201,345
	Capital Projects	<u>28,178</u>
		<u>1,229,523</u>
Debt Service	Special Revenue:	
	TIF Debt Service	37,976
	Capital Projects	33,839
	Enterprise:	
	Water	<u>797,103</u>
		<u>868,918</u>
Capital Projects	General	25,000
	Special Revenue:	
	Urban Renewal Tax Increment	165,642
	Capital Projects	65,342
	Enterprise:	
	Sewer	100,000
	Water	100,000
	Storm Water	<u>50,000</u>
		<u>505,984</u>
Internal Service	General	325,000
	Special Revenue:	
	Road Use	65,000
	Enterprise	
	Water	70,000
	Sewer	<u>70,000</u>
		<u>530,000</u>
Total		<u>\$ 3,698,140</u>

Transfers generally move resources from the fund required to collect the resources to the fund statutorily required to disburse the resources.

Required Supplementary Information

CITY OF CLIVE

Required Supplementary Information
Budgetary Comparison Schedule
of Receipts, Disbursements, and Changes in Balances -
Budget and Actual (Cash Basis) - All Governmental Funds and Proprietary Funds

Year ended June 30, 2006

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted	Net	Budgeted Amounts		Final to Actual Variance- Positive (Negative)
					Original	Final	
Receipts:							
Property tax	\$7,863,518	\$ -	\$ -	\$7,863,518	\$7,851,335	\$7,851,335	\$ 12,183
Tax increment financing collections	3,274,847	-	-	3,274,847	3,239,184	3,239,184	35,663
Other City tax	854,927	-	-	854,927	1,082,731	1,082,731	(227,804)
Licenses and permits	666,935	-	-	666,935	471,100	528,600	138,335
Uses of money and property	846,498	-	-	846,498	353,545	461,045	385,453
Intergovernmental	1,497,564	-	-	1,497,564	1,156,161	1,238,661	258,903
Charges for service	1,864,912	4,335,867	-	6,200,779	6,821,717	7,055,717	(854,938)
Special assessments	540,605	-	-	540,605	108,786	108,786	431,819
Miscellaneous	1,135,221	373,975	-	1,509,196	16,000	40,000	1,469,196
Total receipts	18,545,027	4,709,842	-	23,254,869	21,100,559	21,606,059	1,648,810
Disbursements:							
Public safety	4,502,577	-	-	4,502,577	4,246,775	4,535,875	33,298
Public works	1,886,408	-	-	1,886,408	2,162,887	2,229,337	342,929
Health and social services	17,584	-	-	17,584	26,414	26,414	8,830
Culture and recreation	2,740,642	-	-	2,740,642	2,760,122	2,785,622	44,980
Community and economic development	3,130,035	-	-	3,130,035	3,995,126	4,116,626	986,591
General government	1,681,614	-	-	1,681,614	1,752,001	1,894,901	213,287
Debt service	2,482,859	-	-	2,482,859	2,022,223	2,484,223	1,364
Capital projects	2,758,290	-	-	2,758,290	5,155,952	6,538,652	3,780,362
Business-type activities	-	14,688,603	-	14,688,603	3,599,253	15,412,753	724,150
Non-program	-	-	-	-	-	-	-
Total disbursements	19,200,009	14,688,603	-	33,888,612	25,720,753	40,024,403	6,135,791
Excess (deficiency) of receipts over (under) disbursements	(654,982)	(9,978,761)	-	(10,633,743)	(4,620,194)	(18,418,344)	7,784,601
Other financing sources (uses), net	13,987,742	10,417,223	(193,765)	24,211,200	4,117,000	29,865,700	(5,654,500)
Excess (deficiency) of receipts over (under) disbursements and other financing uses:	13,332,760	438,462	(193,765)	13,577,457	(503,194)	11,447,356	2,130,101
Balances beginning of year	9,663,878	2,998,364	(175,629)	12,486,613	10,292,891	10,292,891	2,193,722
Balances end of year	<u>\$22,996,638</u>	<u>\$ 3,436,826</u>	<u>\$(369,394)</u>	<u>\$26,064,070</u>	<u>\$ 9,789,697</u>	<u>\$21,740,247</u>	<u>\$ 4,323,823</u>

See accompanying independent auditor' s notes.

CITY OF CLIVE

Required Supplemental Information

Notes To Required Supplementary Information - Budgetary Reporting

June 30, 2006

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Internal Service Funds and Fiduciary Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business-type and non-program. Function disbursements required to be budgeted include disbursements for the general fund, special revenue funds, debt service fund, capital project funds and permanent funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. During the year, one budget amendment increased budgeted disbursements by \$14,303,650. This budget amendment is reflected in the final budgeted amounts.

Other Supplementary Information

CITY OF CLIVE

Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Governmental Funds

As of and for the year ended June 30, 2006

	Special Revenue				
	Road Use Tax	Forfeitures	Park Donations	Library	Total
Receipts:					
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -
Other City tax	-	-	-	-	-
Use of money and property	-	-	2,992	-	2,992
Intergovernmental	1,129,223	-	-	-	1,129,223
Special assessments	-	-	-	-	-
Miscellaneous	-	25,251	28,663	5,862	59,776
Total receipts	1,129,223	25,251	31,655	5,862	1,191,991
Disbursements:					
Operating:					
Public safety	-	11,123	-	-	11,123
Public works	974,321	-	-	-	974,321
Health and social services	-	-	-	-	-
Culture and recreation	-	-	-	10,324	10,324
Community and economic development	-	-	-	-	-
General government	-	-	-	-	-
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Total disbursements	974,321	11,123	-	10,324	995,768
Excess (deficiency) of receipts over (under) disbursements	154,902	14,128	31,655	(4,462)	196,223
Other financing sources (uses):					
Operating transfer in	-	-	-	-	-
Operating transfer out	(88,170)	-	-	-	(88,170)
Total other financing uses	(88,170)	-	-	-	(88,170)
Net change in cash balances	66,732	14,128	31,655	(4,462)	108,053
Cash balances beginning of year	316,940	21,845	-	10,426	349,211
Cash balances end of year	\$ 383,672	\$ 35,973	\$ 31,655	\$ 5,964	\$ 457,264
Cash Basis Fund Balances					
Unreserved:					
Special revenue funds	\$ 383,672	\$ 35,973	\$ 31,655	\$ 5,964	\$ 457,264
Total cash basis fund balances	\$ 383,672	\$ 35,973	\$ 31,655	\$ 5,964	\$ 457,264

See accompanying independent auditor' s notes.

CITY OF CLIVE

Schedule of Cash Receipts, Disbursements and Changes in Cash Balances
Nonmajor Proprietary Funds

As of and for the year ended June 30, 2006

	Storm Water	Water Utility Deposits	Total
Operating receipts:			
Charges for service	\$ 180,428	\$ -	\$ 180,428
Miscellaneous	2,512	33,152	35,664
Total operating receipts	182,940	33,152	216,092
Operating disbursements:			
Business type activities	97,305	25,985	123,290
Total operating disbursements	97,305	25,985	123,290
Excess (deficiency) of operating receipts over (under) operating disbursements	85,635	7,167	92,802
Non-operating receipts (disbursements)			
Debt Service	-	-	-
Total non-operating disbursements	-	-	-
Excess (deficiency) of receipts over (under) disbursements	85,635	7,167	92,802
Other financing sources (uses):			
Bond proceeds	-	-	-
Operating transfer in	-	-	-
Operating transfer out	(23,170)	-	(23,170)
Total other financing (uses)	(23,170)	-	(23,170)
Net change in cash balances	62,465	7,167	69,632
Cash balances beginning of year	-	184,429	184,429
Cash balances end of year	\$ 62,465	\$ 191,596	\$ 254,061
Cash Basis Fund Balances			
Reserved for debt service	-	-	-
Unreserved	62,465	191,596	254,061
Total cash basis fund balances	\$ 62,465	\$ 191,596	\$ 254,061

See accompanying independent auditor' s report.

CITY OF CLIVE

Schedule of Cash Receipts, Disbursements and Changes in Cash Balances
Capital Project Funds

As of and for the year ended June 30, 2006

	Hickman Rd Signal Int	Fiber Optics	Fire/PW Land	50 th Anniversary	Dymond Public Safety	Campbell Rec Area	Library	Campbell Park Field Lights	Karp Park	CC Glen Park	86 th Street Playground	Trail Paving	Welcome Sign
Receipts:													
Use of money and property:													
Interest on investments	\$ -	\$ -	\$ 8,748	\$ -	\$ 5,509	\$ 55,141	\$ -	\$ -	\$ 7,168	\$ 4,396	\$ 1,957	\$ 6,970	\$ -
Intergovernmental	8,609	-	-	-	-	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous:													
Refunds and reimbursements	-	-	-	19,136	-	-	-	-	-	4,875	-	-	-
Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Total receipts	8,609	-	8,748	19,136	5,509	55,141	-	-	7,168	9,271	1,957	6,970	-
Disbursements:	2,132	13,374	-	10,925	1,234	20,629	-	-	-	292,782	-	24,602	-
Excess (deficiency) of receipts over (under) disbursements	6,477	(13,374)	8,748	8,211	4,275	34,512	-	-	7,168	(283,511)	1,957	(17,632)	-
Other financing sources:													
Bond Proceeds	-	-	-	-	-	1,150,000	-	-	100,000	-	-	50,000	-
Operating transfers in	-	-	40,000	-	-	-	-	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	-	-	(6,540)	-	-	-	-	-
	-	-	40,000	-	-	1,150,000	-	(6,540)	100,000	-	-	50,000	-
Net change in cash balances	6,477	(13,374)	48,748	8,211	4,275	1,184,512	-	(6,540)	107,168	(283,511)	1,957	32,368	-
Cash balances beginning of year	19,771	100,000	96,449	50	73,373	-	53,853	6,540	-	308,908	25,611	61,768	19,032
Cash balances end of year: unreserved	\$ 26,248	\$ 86,626	\$ 145,197	\$ 8,261	\$ 77,648	\$1,184,512	\$ 53,853	\$ -	\$ 107,168	\$ 25,397	\$ 27,568	\$ 94,136	\$ 19,032

See accompanying independent auditor’ s report.

CITY OF CLIVE

Schedule of Cash Receipts, Disbursements and Changes in Cash Balances
Capital Project Funds - Continued

As of and for the year ended June 30, 2006

	Wildwood Campbell Park	Benchmarks	Com Rec Center	New Library	Road Water Main	Sewer Rehab	Radio Read Meter System	Sewer Control Plant	HWY 6 Sec 5/128/ Mitigation	Clive/ USSD Joint Sewer	North Water Tower	100 th Street Pave Replace	Boston Parkway Round
Receipts:													
Use of money and property:													
Interest on investments	\$ -	\$ 7,594	\$ -	\$ -	\$ 35,762	\$ 10,897	\$ -	\$ 103,433	\$ 22,103	\$ -	\$ 15,388	\$ 12,245	\$ 4,644
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	221,325	-
Special assessments	-	-	-	-	-	-	-	-	33,819	-	-	-	-
Miscellaneous:													
Refunds and reimbursements	-	-	-	-	-	1,108	-	-	-	-	1,847	-	-
Fees	-	-	-	-	-	-	-	470,892	-	-	-	-	-
	-	-	-	-	-	1,108	-	470,892	-	-	1,847	-	-
Total receipts	-	7,594	-	-	35,762	12,005	-	574,325	55,922	-	17,235	233,570	4,644
Disbursements:	-	17,474	39,222	-	4,200	140,124	96,970	-	342,908	-	227,032	433,085	37,440
Excess (deficiency) of receipts over (under) disbursements	-	(9,880)	(39,222)	-	31,562	(128,119)	(96,970)	574,325	(286,986)	-	(209,797)	(199,515)	(32,796)
Other financing sources:													
Bond Proceeds	-	-	120,000	65,000	500,000	-	-	-	525,515	-	-	350,500	140,000
Operating transfers in	-	-	-	-	-	100,000	116,000	50,000	-	-	-	-	-
Operating transfers (out)	-	-	(40,000)	-	-	(16,000)	-	-	-	-	-	(47,000)	-
	-	-	80,000	65,000	500,000	84,000	116,000	50,000	525,515	-	-	303,500	140,000
Net change in cash balances	-	(9,880)	40,778	65,000	531,562	(44,119)	19,030	624,325	238,529	-	(209,797)	103,985	107,204
Cash balances beginning of year	12,598	104,031	910	-	-	120,853	(18,625)	1,022,654	105,307	67,742	374,664	5,266	35,040
Cash balances end of year: unreserved	\$ 12,598	\$ 94,151	\$ 41,688	\$ 65,000	\$ 531,562	\$ 76,734	\$ 405	\$1,646,979	\$343,836	\$ 67,742	\$ 164,867	\$109,251	\$ 142,244

See accompanying independent auditor’ s report.

CITY OF CLIVE

Schedule of Cash Receipts, Disbursements and Changes in Cash Balances
Capital Project Funds - Continued

As of and for the year ended June 30, 2006

	Sidewalk Safety	100 th & Hickman Inter	Douglas Avenue	Ladco DOT Project	NW 128 th Pave Phase III	Woodlands Parkway Pave	University Wide @ I-35	NW 120 th St Sew/Wat	NW 86 th Revitaliz	Maintenance Building	90 th St	Municipal Centre	Information System
Receipts:													
Use of money and property:													
Interest on investments	\$ 179	\$ 225	\$ 8,195	\$ -	\$ 75,074	\$ -	\$ 43,462	\$ 2,473	\$ 149,617	\$ 4,946	\$ 40,739	\$ 9,066	\$ 5,150
Intergovernmental	-	-	-	-	-	-	42,379	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous:													
Refunds and reimbursements	14,196	-	-	-	-	-	-	-	-	-	-	1,503	-
Fees	-	24,528	-	-	-	259,098	-	-	-	-	485	-	-
	14,196	24,528	-	-	-	259,098	-	-	-	-	485	1,503	-
Total receipts	14,375	24,753	8,195	-	75,074	259,098	85,841	2,473	149,617	4,946	41,224	10,569	5,150
Disbursements:	85,111	-	-	381	55,250	158,687	84,999	-	128,481	-	22,440	154,307	7,528
Excess (deficiency) of receipts over (under) disbursements	(70,736)	24,753	8,195	(381)	19,824	100,411	842	2,473	21,136	4,946	18,784	(143,738)	(2,378)
Other financing sources:													
Bond Proceeds	-	-	186,000	-	3,075,000	-	-	100,000	5,540,000	200,000	646,000	-	-
Operating transfers in	2,802	-	-	-	-	-	-	-	165,642	-	6,540	-	25,000
Operating transfers (out)	-	-	-	-	-	(72,632)	-	-	-	-	-	(17,970)	-
	2,802	-	186,000	-	3,075,000	(72,632)	-	100,000	5,705,642	200,000	652,540	(17,970)	25,000
Net change in cash balances	(67,934)	24,753	194,195	(381)	3,094,824	27,779	842	102,473	5,726,778	204,946	671,324	(161,708)	22,622
Cash balances beginning of year	68,220	51,130	-	13,447	7,212	20,153	615,560	-	209,695	-	-	238,824	66,731
Cash balances end of year: unreserved	\$ 286	\$ 75,883	\$ 194,195	\$ 13,066	\$3,102,036	\$ 47,932	\$ 616,402	\$102,473	\$5,936,473	\$ 204,946	\$671,324	\$ 77,116	\$ 89,353

See accompanying independent auditor’ s report.

CITY OF CLIVE

Schedule of Cash Receipts, Disbursements and Changes in Cash Balances
Capital Project Funds - Continued

As of and for the year ended June 30, 2006

	Signal Light	114 th & Forest	Emerald Isle/ McNabb	128 th	University Ave 94 th	University Ave 138 th - 142 nd	156 th St Paving	Total
Receipts:								
Use of money and property:								
Interest on investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 641,081
Intergovernmental	-	-	-	-	-	-	-	272,313
Special assessments	477	21,492	4,897	76,861	-	256,625	146,434	540,605
Miscellaneous:								
Refunds and reimbursements	-	-	-	-	-	-	-	42,665
Fees	-	-	-	-	-	-	-	755,003
	-	-	-	-	-	-	-	797,668
Total receipts	477	21,492	4,897	76,861	-	256,625	146,434	2,251,667
Disbursements:	-	-	-	-	-	356,973	-	2,758,290
Excess (deficiency) of receipts over (under) disbursements	477	21,492	4,897	76,861	-	(100,348)	146,434	(506,623)
Other financing sources:								
Bond Proceeds	-	-	-	-	-	-	-	12,748,015
Operating transfers in	-	-	-	-	-	-	-	505,984
Operating transfers (out)	(505)	(24,091)	(2,120)	(2,850)	(4,273)	-	(28,178)	(262,159)
	(505)	(24,091)	(2,120)	(2,850)	(4,273)	-	(28,178)	12,991,840
Net change in cash balances	(28)	(2,599)	2,777	74,011	(4,273)	(100,348)	118,256	12,485,217
Cash balances beginning of year	505	24,091	4,674	2,850	4,273	101,987	56,572	4,081,719
Cash balances end of year: unreserved	\$ 477	\$ 21,492	\$ 7,451	\$ 76,861	\$ -	\$ 1,639	\$ 174,828	\$16,566,936

See accompanying independent auditor' s report.

CITY OF CLIVE

Schedule of Indebtedness

Year ended June 30, 2006

Obligation	Date of Issue	Interest Rates	Amount Originally Issued	Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
Essential corporate purpose	Oct 1, 1995		\$ 1,500,000	\$ 200,000	\$ -	\$ 200,000	\$ -	\$ 9,500	\$ -
Refunding	Dec 1, 1997	4.45 - 4.70%	1,640,000	820,000	-	150,000	670,000	37,355	-
Essential corporate purpose	Jun 1, 1999	4.20 - 4.70	4,440,000	3,090,000	-	285,000	2,805,000	139,052	-
Essential corporate purpose	Sep 1, 2000	4.55 - 4.75	1,450,000	950,000	-	140,000	810,000	44,189	-
Essential corporate purpose	Sep 1, 2001	4.375 - 5.00	4,950,000	4,315,000	-	235,000	4,080,000	201,704	-
Essential corporate purpose	Dec 1, 2002	2.75 - 5.00	1,575,000	1,425,000	-	100,000	1,325,000	57,102	-
Urban renewal	Jul 1, 2002	3.00 - 4.80	3,000,000	2,780,000	-	115,000	2,665,000	114,689	-
Essential corporate purpose	Dec 1, 2003	1.80 - 3.95	2,665,000	2,475,000	-	165,000	2,310,000	78,599	-
Essential corporate purpose	Oct 1, 2004	2.20 - 3.95	2,330,000	2,330,000	-	100,000	2,230,000	79,720	-
Refunding	Mar 1, 2005	2.00 - 2.60	1,970,000	1,970,000	-	590,000	1,380,000	54,913	-
Essential corporate purpose	Aug 1, 2005	3.00 - 4.20	14,255,000	-	14,255,000	-	14,255,000	460,437	-
Urban renewal	Mar 1, 2006	3.50 - 4.25	9,190,000	-	9,190,000	-	9,190,000	-	-
Essential corporate purpose	Mar 1, 2006	3.30 - 4.00	930,000	-	930,000	-	930,000	-	-
Total				\$20,355,000	\$24,375,000	\$ 2,080,000	\$42,650,000	\$ 1,277,260	\$ -
Revenue bonds:									
Des Moines Water Works (See Note 3)									
1992 Series	Dec 1, 1991	N/A	\$ 191,399	\$ 105,580	\$ -	\$ 32,748	\$ 72,832	\$ -	\$ -
2001 Series	Oct 1, 2001	3.15 - 3.60%	1,158,089	719,430	-	235,203	484,227	17,663	-
Total				\$ 825,010	\$ -	\$ 267,951	\$ 557,059	\$ 17,663	\$ -
Loans:									
Iowa Department of Management	Jun 1, 2004	2.00%	\$ 33,333	\$ 33,333	\$ -	\$ 12,938	\$ 20,395	\$ 1,206	\$ -
City of West Des Moines	Sep 28, 1992	3.975%	940,000	352,500	-	47,000	305,500	13,349	-
Total				\$ 385,833	\$ -	\$ 59,938	\$ 325,895	\$ 14,555	\$ -
Capital Lease:									
Equipment	Feb 27, 2004	7.475%	\$ 22,930	\$ 10,826	\$ -	\$ 7,327	\$ 3,499	\$ 516	\$ -

See accompanying independent auditor' s report.

CITY OF CLIVE

Bond Maturities

June 30, 2006

Year Ending June 30,	General Obligation Bonds													
	Essential		Essential		Essential		Essential		Essential		Essential		Urban Renewal	
	Corporate Purpose		Corporate Purpose		Corporate Purpose		Corporate Purpose		Corporate Purpose		Corporate Purpose		Street Improvement	
	Issued December 1, 2003		Issued December 1, 2002		Issued June 1, 1999		Issued September 1, 2000		Issued September 1, 2001		Issued December 1, 1997		Issued July 1, 2002	
	Interest		Interest		Interest		Interest		Interest		Interest		Interest	
	Rates	Amount	Rates	Amount	Rates	Amount	Rates	Amount	Rates	Amount	Rates	Amount	Rates	Amount
2007	2.125%	\$ 165,000	3.00%	\$ 100,000	4.30%	\$ 300,000	4.60 %	\$ 145,000	4.375%	\$ 245,000	4.50%	\$ 155,000	3.00%	\$ 120,000
2008	2.40	170,000	3.25	100,000	4.40	315,000	4.625	155,000	4.375	260,000	4.50	165,000	3.50	125,000
2009	2.65	175,000	3.30	100,000	4.45	325,000	4.65	160,000	4.50	265,000	4.60	170,000	3.50	125,000
2010	2.85	130,000	3.50	100,000	4.50	340,000	4.70	170,000	4.50	280,000	4.70	180,000	3.62	135,000
2011	3.15	185,000	3.70	100,000	4.60	355,000	4.75	180,000	4.625	295,000	-	-	3.75	140,000
2012	3.35	190,000	3.90	100,000	4.60	370,000	-	-	4.50	300,000	-	-	3.85	145,000
2013	3.45	195,000	4.00	100,000	4.60	390,000	-	-	4.60	220,000	-	-	4.00	150,000
2014	3.50	205,000	4.20	65,000	4.70	410,000	-	-	4.70	235,000	-	-	4.10	160,000
2015	3.60	210,000	4.40	70,000	-	-	-	-	4.75	245,000	-	-	4.15	165,000
2016	3.70	220,000	4.60	75,000	-	-	-	-	4.75	255,000	-	-	4.25	170,000
2017	3.80	230,000	4.75	75,000	-	-	-	-	4.80	270,000	-	-	4.35	180,000
2018	3.90	235,000	4.85	80,000	-	-	-	-	4.85	280,000	-	-	4.45	190,000
2019	-	-	5.00	85,000	-	-	-	-	4.90	295,000	-	-	4.55	200,000
2020	-	-	5.00	85,000	-	-	-	-	5.00	310,000	-	-	4.65	210,000
2021	-	-	5.00	90,000	-	-	-	-	5.00	325,000	-	-	4.70	220,000
2022	-	-	-	-	-	-	-	-	-	-	-	-	4.80	230,000
2023	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		<u>\$2,310,000</u>		<u>\$1,325,000</u>		<u>\$2,805,000</u>		<u>\$ 810,000</u>		<u>\$4,080,000</u>		<u>\$ 670,000</u>		<u>\$2,665,000</u>

See accompanying independent auditor’ s report.

CITY OF CLIVE

Bond Maturities - Continued

June 30, 2006

June 30,	General Obligation Bonds										Total
	Essential		Refunding		Essential		Urban Renewal		Essential		
	Corporate Purpose		Notes		Corporate Purpose		Street Improvement		Corporate Purpose		
	Issued October 1, 2004		Issued March 1, 2005		Issued August 1, 2005		Issued March 1, 2006		Issued March 1, 2006		
	Interest		Interest		Interest		Interest		Interest		
Rates	Amount	Rates	Amount	Rates	Amount	Rates	Amount	Rates	Amount		
2007	2.60%	\$ 170,000	2.20%	\$ 620,000	3.00 %	\$ 120,000	3.50 %	\$ 210,000	3.30%	\$ 95,000	\$ 2,445,000
2008	3.00	175,000	2.40	635,000	3.00	425,000	3.50	290,000	3.40	85,000	2,900,000
2009	3.20	180,000	2.60	125,000	3.25	925,000	3.50	305,000	3.45	50,000	2,905,000
2010	3.25	185,000	-	-	3.50	960,000	3.50	355,000	3.50	100,000	2,935,000
2011	3.50	195,000	-	-	3.50	995,000	3.50	530,000	3.60	100,000	3,075,000
2012	3.60	200,000	-	-	4.00	1,030,000	3.60	555,000	3.70	100,000	2,990,000
2013	3.60	205,000	-	-	4.00	1,065,000	3.65	575,000	3.75	100,000	3,000,000
2014	3.60	215,000	-	-	4.00	1,105,000	3.75	600,000	3.80	100,000	3,095,000
2015	3.70	225,000	-	-	4.00	1,150,000	4.00	625,000	3.90	100,000	2,790,000
2016	3.80	235,000	-	-	4.00	1,195,000	4.00	650,000	4.00	100,000	2,900,000
2017	3.95	245,000	-	-	4.00	1,245,000	4.00	680,000	-	-	2,925,000
2018	-	-	-	-	4.00	1,290,000	4.00	705,000	-	-	2,780,000
2019	-	-	-	-	4.125	1,350,000	4.00	735,000	-	-	2,665,000
2020	-	-	-	-	4.20	1,400,000	4.10	770,000	-	-	2,775,000
2021	-	-	-	-	-	-	4.125	375,000	-	-	1,010,000
2022	-	-	-	-	-	-	4.15	395,000	-	-	625,000
2023	-	-	-	-	-	-	4.20	410,000	-	-	410,000
2024	-	-	-	-	-	-	4.25	425,000	-	-	425,000
Total		<u>\$2,230,000</u>		<u>\$1,380,000</u>		<u>\$14,255,000</u>		<u>\$9,190,000</u>		<u>\$ 930,000</u>	<u>\$42,650,000</u>

See accompanying independent auditor’ s report.

CITY OF CLIVE

Bond Maturities - Continued

June 30, 2006

Revenue Bonds					
June 30,	Des Moines Water Works		Des Moines Water Works		Total
	Series 1992		Series 2001		
	Issued December 1, 1991		Issued October 1, 2001		
	Interest		Interest		
	Rates	Amount	Rates	Amount	
2007	N/A	\$ 44,993	3.40%	\$ 245,671	\$ 290,664
2008	-	27,839	3.60	238,556	266,395
2009	-	-	-	-	-
		<u>\$ 72,832</u>		<u>\$ 484,227</u>	<u>\$ 557,059</u>

See accompanying independent auditor' s report.

CITY OF CLIVE

Schedule of Receipts by Source and Disbursements by Function -
All Governmental Fund Types

For the Last Four Years

	2006	2005	2004	2003
Receipts:				
Property and other City tax	\$ 8,718,445	\$ 8,512,617	\$ 8,166,807	\$ 7,935,596
Tax increment financing collections	3,274,847	2,693,206	1,745,504	1,520,177
Licenses and permits	666,935	452,787	459,969	471,596
Use of money and property	846,498	370,451	276,445	283,524
Intergovernmental	1,497,564	4,709,376	1,161,110	1,226,520
Charges for services	1,864,912	1,442,860	1,019,304	702,112
Special assessments	540,605	137,366	169,976	471,230
Miscellaneous	1,135,221	327,805	1,505,355	878,123
Total	<u>\$18,545,027</u>	<u>\$18,646,468</u>	<u>\$14,504,470</u>	<u>\$13,488,878</u>
Disbursements:				
Operating:				
Public safety	\$ 4,502,577	\$ 4,245,956	\$ 3,605,032	\$ 3,414,723
Public works	1,886,408	1,707,988	1,435,145	1,281,472
Health and social services	17,584	25,369	18,807	23,842
Culture and recreation	2,740,642	2,606,883	1,989,581	1,666,934
Community and economic development	3,130,035	5,141,749	2,159,455	2,125,341
General government	1,681,614	1,593,672	1,505,804	1,123,128
Debt service	2,482,859	2,175,511	2,890,141	2,626,186
Capital projects	2,758,290	6,554,904	3,712,751	7,861,657
Total	<u>\$19,200,009</u>	<u>\$24,052,032</u>	<u>\$17,316,716</u>	<u>\$20,123,283</u>

See accompanying independent auditor' s report.



MARTENS & COMPANY, CPA, LLP

**CERTIFIED PUBLIC ACCOUNTANTS
4949 Pleasant Street, Suite 104
West Des Moines, Iowa 50266**

**(515)-223-4841
FAX: (515)-223-0851**

**Independent Auditor' s Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with Government Auditing
Standards**

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements on the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Clive, Iowa as of and for the year ended June 30, 2006, which collectively comprise the City' s basic financial statements listed in the table of contents and have issued our report thereon dated August 31, 2006. Our report expressed an unqualified opinion on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with generally accepted auditing standards, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Clive' s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. Prior year reportable conditions have been resolved.

Compliance

As part of obtaining reasonable assurance about whether the City of Clive' s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the City' s operations for the year ended June 30, 2006 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Clive and other parties to whom the City of Clive may report including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Clive during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Martens & Company, CPA, LLP

West Des Moines, Iowa
August 31, 2006

CITY OF CLIVE

Schedule of Findings

Year ended June 30, 2006

Part I: Summary of the Independent Auditor' s Results:

- (a) An unqualified opinion was issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- (b) No reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

CITY OF CLIVE

Schedule of Findings

Year ended June 30, 2006

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

No matters were noted.

CITY OF CLIVE

Schedule of Findings

Year ended June 30, 2006

Part III: Other Findings Related to Required Statutory Reporting:

- IV-A-06 Certified Budget - Disbursements during the year ended June 30, 2006 did not exceed budgeted amounts.
- IV-B-06 Questionable Disbursements - We noted no disbursements for parties, banquets, or other entertainment for employees that we believe may constitute an unlawful expenditure from public funds as defined in an Attorney General' s opinion dated April 25, 1979.
- IV-C-06 Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- IV-D-06 Business Transactions - No business transactions between the City and City officials or employees were noted.
- IV-E-06 Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- IV-F-06 Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.
- IV-G-06 Revenue Bonds - The City is in compliance with the provisions of the revenue bond resolution.
- IV-H-06 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City' s investment policy.